TERMS YOU NEED TO KNOW

Adverse Determination
When a health plan reviews an admission, availability of care, continued stay or other healthcare service and decides that it is not medically necessary, appropriate or effective. Therefore, payment for the requested service is denied, reduced or terminated.

Allowable Expense
Charges for services rendered or supplies furnished by a health plan that would qualify as covered expenses and for which the Plan pays in whole or in part, subject to any deductible, coinsurance or co-payment included in the Plan.

Balance Billing
If you use ***out-of-network*** benefits, you may be "balance billed" for any amount not paid by your Third Party Administrator. This means the provider (doctor, hospital, etc.) may bill you for the amount that your Third Party Administrator did not pay, in addition to the amount of your coinsurance. Your Third Party Administrator's payment is made based on a fee schedule that would normally be used in Kentucky.

Coinsurance
A percentage of the eligible expenses that you are responsible to pay to the doctor, hospital, pharmacy, or other provider. This percentage may vary based on the services provided.

Coordination of Benefits
Coordination of Benefits occurs when a member is covered by one or more health insurance plans. There are federal guidelines that are used to determine which plan pays first for each member.

Deductible
The initial amount of medical or hospital expenses you must pay before your Third Party Administrator starts paying benefits.

Eligible Expenses
A provider's fee which: (a) is the provider's usual charge for a given service under the covered person's plan; (b) is within the range of fees charged by providers of similar training and experience for the same or similar service or supply within the same or similar limited geographical area; and (c) does not exceed the fee schedule developed by the Third Party Administrator. The term "eligible expense" and "reasonable and customary charge" may be interchangeable.

Formulary
A list of FDA approved drugs selected on the basis of safety, clinical efficacy, and cost-effectiveness. An experienced committee of medical experts compiles the list for your Third Party Administrator.

TERMS YOU NEED TO KNOW (CONTINUED)

Generic Drug
A drug that is equivalent to a brand name drug produced when patent protection lapses on the brand name drug.

In-Network
Physicians, pharmacies, hospitals and other providers who have contracted with a particular Third Party Administrator to provide services for members covered under that particular health plan.

Maximum Out-of-Pocket
The maximum dollar amount you will have to pay for covered medical expenses during the plan year. It does not include the charges resulting from balance billing or certain PPO services.

Non-participating provider
Any physician, hospital, pharmacy, etc., that does not have a contract with the Third Party Administrator. Non-participating providers can bill you any amount above the allowable charges. Those excess charges are not applied to your out-of-pocket maximum.

Out-of-network
Physician, pharmacies, hospitals, and other providers who do not have contracts with a particular Third Party Administrator to provide services.

Participating Provider
A physician, hospital or pharmacy, etc., that signs a contract with a Third Party Administrator. The participating provider will accept the allowable charge as its charge and will not balance bill the member.

Pharmacy Benefit Administrator (PBA)
Entities that administer managed pharmacy programs, defined as the application of programs, services and techniques designed to control costs associated with the delivery of pharmaceutical care by (1) streamlining and improving the prescribing and dispensing process, (2) educating the healthcare consumer, and (3) controlling the cost of prescriptions dispensed.

Qualifying Event (as defined by Treas. Reg. 1.125-4)
An event that may allow an employee/retiree to make a mid-year election change in their coverage or, in some cases, their FSA. The change must be on account of and consistent with the Qualifying Event.

Self-Insurance
The Commonwealth is assuming the financial risk of paying for the healthcare of the Plan. As such, the KEHP will have a Third Party Administrator to assume the administration of the claims and other business-related functions for health insurance. A Pharmacy Benefits Administrator (PBA) will assume the administration of the claims and other business related functions for the pharmacy benefits.

TERMS YOU NEED TO KNOW (CONTINUED)

Third Party Administrator

An individual or an organization that processes and pays claims and/or provides administrative services on behalf of a patient or client.

Usual, Customary and Reasonable

A provider's fee which: (a) is the provider's usual charge for a given service under the covered person's plan; (b) is within the range of fees charged by providers of similar training and experience for the same or similar service or supply within the same or similar limited geographical area; and (c) does not exceed the fee schedule developed by the Third Party Administrator.

Utilization Review

An evaluation of the necessity, appropriateness, and efficiency of the medical services, procedures, and facilities on a prospective, concurrent, or retrospective basis.